

STATE WATER RESOURCES DEVELOPMENT SYSTEM FINANCE COMMITTEE DRAFT CHARTER

The State Water Resources Development System Finance Committee (SWRDS Finance Committee) is being established by the Department of Water Resources (DWR) to serve as a forum for discussions among DWR and the State Water Project Contractors (Contractors) and to provide a channel for recommendations to the Director of DWR concerning the financial policies of the State Water Resources Development System (SWRDS). The scope of the SWRDS Finance Committee is set out in this charter and has been mutually agreed to by the Contractors whose representatives have signed this charter. The establishment of the SWRDS Finance Committee and adoption of this charter are provided for in the Water Supply Contracts, as amended in 201?

DWR will continue to develop the SWP Program Control Project work plan (SWP Program Work Plan) for the development and implementation of financial enhancements through the SWRDS Finance Committee. The SWRDS Finance Committee and the Chief Financial Manager (CFM) will develop SWRDS Finance Committee's financial management enhancement work plans to implement this Charter.

DWR will create and fill a position, the Chief Financial Manager (CFM), to be a single point of authority for SWRDS financial policies. The CFM has the responsibility and authority throughout DWR to direct all SWRDS financial policies, reporting directly to the SWP Deputy Director or the DWR Director. Working with the SWRDS Finance Committee, the CFM will develop or enhance the financial policies and administrative measures required to provide comprehensive financial management of SWRDS.

~~The Administrative enhancements will include the development and evaluation of technical committees necessary to support the SWRDS Finance Committee. The Contractors will review and align committee structures to conform to the SWRDS financial structure and eliminate any duplication of effort. SWRDS Finance Committee may establish technical committees to address specific or ongoing matters, as they see fit.~~

This Charter provides, among other things, that:

1. The Charter may only be modified with the mutual consent of DWR and the Contractors that have executed the Charter.

2. The SWRDS Finance Committee is charged with providing finance recommendations to the DWR Director, and the DWR Director has final discretion on whether or not to accept the recommendations.
 - a. It is the intent of this Charter that SWRDS finance matters brought to the SWRDS Finance Committee be matters that are broad in nature and that could not be more effectively resolved in a technical or other SWP committees. In general, characteristics of SWRDS financial matters that would properly be brought to the SWRDS Finance Committee include: (1) affect a number of Contractors, rather than individual contractors; (2) potentially apply to multiple projects, rather than individual projects; and (3) involve potentially large transactions or a large number of transactions. In weighing these factors, an important consideration is whether the SWRDS financial matter would potentially merit ultimate resolution by the DWR Director.
 - b. It is not the intent of this Charter that the SWRDS Finance Committee address specific SWRDS budget line items, individual project budgets or individual transactions – rather, the intent is for the SWRDS Finance Committee to address the financial framework designed to provide formal guidance necessary to coordinate and execute the comprehensive management of SWRDS ~~finances~~financial policies.
3. The SWRDS Finance Committee is to operate in cooperation with the Chief Financial Manager (once the position is established and filled).

~~—~~ COMMITTEE PURPOSE

~~The SWRDS Finance Committee shall serve as a forum for discussions among DWR and the Contractors and as a forum for Contractor input to DWR regarding SWRDS finances. The SWRDS Finance Committee shall also provide a channel for recommendations to the Director of DWR concerning SWRDS finances. The SWRDS Finance Committee will allow the Contractors to have input into SWRDS finances, thereby providing DWR with the benefit of input from the Contractors that have a common interest in the continuing long-term financial viability of SWRDS.~~

~~For the purposes of this Charter, SWRDS finances will be defined as those activities performed to plan, organize, direct, and control SWRDS assets, liabilities, equity, revenues, and expenditures. These activities consist of but are not limited to, accounting for SWRDS related transactions, preparation of financial and managerial reports, managing and forecasting cash requirements, preparing and implementing long ranging capital financing plans, issuing and managing debt, preparing and managing capital improvement plans, and other budgeting, budget tracking, forecasting, billing and~~

~~reporting regarding transactions that affect SWRDS assets, liabilities, equity, revenues, and expenditures.~~

I. COMMITTEE ~~GOALS~~RESPONSIBILITIES:

1. ~~The SWRDS Finance Committee shall~~ To provide a forum that promotes coordination, communication, and cooperation among DWR and the Contractors regarding SWRDS financial ~~policies~~ es and reports.
2. ~~The SWRDS Finance Committee shall~~ To provide input, recommendations and approval in the development and implementation of ~~both~~ the SWP Program Work Plan's ~~and the SWRDS Finance Committee's financial enhancement work plans.~~ organization analysis to determine the role of the CFM.
3. ~~The SWRDS Finance Committee shall~~ direct the development and implementation of the SWRDS Finance Committee's financial enhancement work plans in cooperation and coordination with the CFM. The SWRDS Finance Committee shall approve all SWRDS Finance Committee's financial enhancement work plans.
- ~~3.4.~~ The SWRDS Finance Committee shall ~~To~~ provide input and recommendations to the Director regarding ~~DWR's SWRDS' financial policies~~ es, with the goal of providing information necessary to analyze and forecast SWRDS financial trends, activities, and fluctuations.

~~II.~~ COMMITTEE ~~RESPONSIBILITIES~~:

- ~~0.~~ Providing input, recommendations, and approval regarding the progress of the SWP Program Work Plan.
- ~~0.~~ Approve the SWRDS Finance Committee's work plans for financial enhancements. The SWRDS Finance Committee's work plans will include:
 - ~~—~~ Written purpose of the work plan, including expected outcomes;
 - ~~—~~ Goals and objectives to be met by the work plan. Objectives should be a list of tangible actions needed to meet specified goals. The goals should support the overall purpose or vision of what should be accomplished in the work plan;
 - ~~—~~ Identify existing and needed resources to accomplish objectives;
 - ~~—~~ Identify any constraints or obstacles to overcome;
 - ~~—~~ Identify who is accountable for the various goals and objectives;
 - ~~—~~ Written strategy on how resources will be used or obtained and obstacles overcome.
- ~~0.~~ Providing recommendations, to the Director or the Director's delegate, regarding the comprehensive finances and reporting of SWRDS.

- ~~0. Periodically reviewing and providing recommendations for improvements to the SWRDS finances and reports.~~
- ~~0. Reviewing and making recommendations regarding issues pertaining to SWRDS finances and reports as identified by technical committees, auditors, and other stakeholders.~~
- ~~0. Reviewing and making recommendations regarding funding and uses of all 51(e) revenues including, but not limited to, the SWRDS Support Account and SWRDS Reinvestment Account.~~

XV.II. MEMBERSHIP AND ORGANIZATIONAL STRUCTURE:

A. Composition

The SWRDS Finance Committee will include representatives of the Contractors and DWR.

1. All Contractors may attend meetings of the SWRDS Finance Committee; each Contractor may provide one representative or delegate to participate (the "Representatives"). In January of each year, the Contractors shall elect five official representatives and two alternates from within the Contractors' representative pool.
2. DWR shall select five official representatives and five alternates.
3. The ten selected official representatives or alternates of the SWRDS Finance Committee shall be the SWRDS Finance Committee's members (the "Members") and be responsible for attending all SWRDS Finance Committee meetings. The Members shall be balanced with representation for DWR and the Contractors.
4. The Members may submit written SWRDS Finance Committee recommendations to the Director or to the Director's delegate responsible for the area under consideration by the SWRDS Finance Committee. If the Department representatives or the Contractor Representatives concur or have a dissenting view with the recommendation, that fact shall be noted in the recommendation.

B. Term

The Members will ~~serve for a one-year term, with membership be~~ appointed or renewed each year. Term will begin on January 1.

C. Committee Chair and Vice-Chair

The SWRDS Finance Committee will have a Chair and Vice-Chair. A DWR representative shall be the Chair and will be selected by the DWR Members. A Contractor representative shall be the Vice-Chair and will be selected by the Contractor Members. The Chair and Vice-Chair shall be appointed in January of each year.

D. Meetings

The SWRDS Finance Committee is expected to meet as frequently as is necessary to carry out its responsibilities, but no less than two times annually, at such times and location determined by the SWRDS Finance Committee Chair and Vice-Chair. The Chair and Vice-Chair shall each have the authority to call a meeting and shall do so upon their own motion or upon the request of a Member of the SWRDS Finance Committee. Prior to a meeting, the Chair or Vice-Chair shall prepare a written meeting agenda. If an agenda item to be placed on the agenda for these meetings is deemed to be consistent with the intent of this Charter by either the Chair or Vice-Chair it shall be placed on the agenda.

E. Minutes

DWR shall keep minutes of each meeting. Copies of the minutes shall be provided to the Members and the Representatives within two weeks after a meeting.

F. Committee Procedures

The Members of the SWRDS Finance Committee may draft and adopt a set of procedures to govern the conduct of the SWRDS Finance Committee.

G. Amendments

This charter may not be amended except through express written consent of both DWR and all Contractors.

~~H. Review~~

~~On the fifth year after initiation of the SWRDS Finance Committee, and every fifth year thereafter, DWR and the Contractors shall review the performance of the SWRDS Finance Committee and determine if any changes need to be made to this Charter. The Charter can be modified only with the mutual consent of DWR and the Contractors.~~